

January 12, 2011

Chief, Section of Administration  
Office of Proceedings  
Surface Transportation Board  
Documents for Recordation  
395 E Street, S.W.  
Washington, D.C. 20423-0001

RECORDATION NO. 27924-A FILED

JAN 18 '11 -4 36 PM

SURFACE TRANSPORTATION BOARD

RE: Release of Security Agreement

To Whom it May Concern: .

Enclosed for recording with the Surface Transportation Board are one original and one counterpart of the document described below to be recorded pursuant to Section 11301 of the Title 49 of the U.S. Code.

This document is a Release of Security Agreement, a secondary document, dated January 12, 2011. The primary document to which this is connected is recorded under Recordation Number 27924.

The names and addresses of the parties to the documents are as follows:

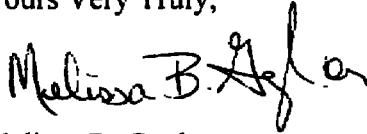
Debtors:	Republic Group, Inc. and Republic Transportation Systems, Inc. d/b/a Republic Locomotive PO Box 1236 Greenville, SC 29609
Secured Party:	Business Carolina, Inc. d/b/a BCI Lending Services 1523 Huger St., Suite A Columbia, SC 29201

A description of the equipment covered by the document follows: Two (2) Republic Locomotives, Model RX500, S/N R50CO65 and R50CO67.

A fee of \$41.00 payable to the Surface Transportation Board is enclosed. Please return the original and any extra copies not needed by the Board for recordation to the Melissa B. Gaylor, Business Carolina, Inc. dba BCI Lending Services, 1523 Huger St., Suite A, Columbia, SC 29201

A short summary of the document to appear in the index follows: Release of Security Agreement between the Debtor Republic Transportation Systems, Inc. d/b/a Republic Locomotive and the Secured Party Business Carolina, Inc. d/b/a BCI Lending Services dated April 16, 2009, and covering Two (2) Locomotives, Model RX500, S/N R50CO65 and R50CO67.

Yours Very Truly,

A handwritten signature in black ink, appearing to read "Melissa B. Gaylor". The signature is fluid and cursive, with the first name "Melissa" being the most prominent.

Melissa B. Gaylor  
Vice President – Loan Administration Manager  
Business Carolina, Inc.

Enclosures

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SURFACE TRANSPORTATION BOARD

FULL RELEASE

KNOW ALL MEN BY THESE PRESENTS, Business Carolina, Inc. d/b/a BCI Lending Services hereby releases all of its right, title and interest in and to, the railcars more specifically described as follows:

A description of the equipment covered by the document follows: Two (2) Republic Locomotives, Model RX500, S/N R50CO65 and R50CO67.

The primary document(s) to which this FULL RELEASE relates, are between Business Carolina, Inc. d/b/a BCI Lending Services (Secured Party) and Republic Transportation Services d/b/a Republic Locomotive (Debtor), and were recorded with the Surface Transportation Board, at Recordation Number 27924 and which is dated April 23, 2009.

IN WITNESS WHEREOF, Business Carolina, Inc. d/b/a BCI Lending Services, has hereunto set its name, by its proper office thereunto duly authorized, this 12<sup>th</sup> day of January, 2011.

Business Carolina, Inc. d/b/a BCI Lending Services

By: Todd Lucas  
Its: SVP

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF RICHLAND )

On this 12<sup>th</sup> day of January, 2011 personally appeared Todd Lucas, to me personally known, who, being duly sworn, did say that he is the SVP of Business Carolina, Inc. d/b/a BCI Lending Services. and that said instrument was signed by authority of its board of directors, and he acknowledged said instrument to be the free act and deed of said corporation.

By: Melissa B. Taylor  
Notary Public for South Carolina  
My Commission Expires: May 23, 2016



U.S. Small Business Administration

RECORDATION NO 27924 FILED

## SECURITY AGREEMENT

APR 23 '09

4:41 PM

SURFACE TRANSPORTATION BOARD

SBA Loan #	3365265006
SBA Loan Name	Republic Locomotive
Debtor (Exact full legal name of individual(s), corporation, LLC, partnership, or other organization)	Republic Group, Inc.
Borrower	Republic Transportation Systems, Inc. DBA Republic Locomotive, et al
Secured Party	Business Carolina, Inc. d/b/a BCI Lending Services
Date	Apr 16, 2009
Note Amount	\$1,660,000.00

**1. DEFINITIONS.**

Unless otherwise specified, all terms used in this Agreement will have the meanings ascribed to them under the Official Text of the Uniform Commercial Code, as it may be amended from time to time, ("UCC"). "SBA" means the Small Business Administration, an Agency of the U.S. Government.

**2. GRANT OF SECURITY INTEREST.**

For value received, the Debtor grants to the Secured Party a security interest in the property described below in paragraph 4 (the "Collateral").

**3. OBLIGATIONS SECURED.**

This Agreement secures the payment and performance of: (a) all obligations under a Note dated Apr 16, 2009, made

by Republic Transportation Systems, Inc. A Republic Locomotive, et al  
Business Carolina, Inc. d/b/a BCI Lending Services

, made payable to  
, in the amount

of \$1,660,000.00 ("Note"), including all costs and expenses (including reasonable attorney's fees), incurred by Secured Party in the disbursement, administration and collection of the loan evidenced by the Note; (b) all costs and expenses (including reasonable attorney's fees), incurred by Secured Party in the protection, maintenance and enforcement of the security interest hereby granted; (c) all obligations of the Debtor in any other agreement relating to the Note; and (d) any modifications, renewals, refinancings, or extensions of the foregoing obligations.

The Note and all other obligations secured hereby are collectively called the "Obligations."

#### 4. COLLATERAL DESCRIPTION.

The Collateral in which this security interest is granted is all of the Debtor's property described below, and indicated by an "X" or other mark on the applicable line, now owned or hereafter acquired, together with all replacements, accessions, proceeds, and products.

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> a. Equipment | <input type="checkbox"/> f. Chattel paper       |
| <input type="checkbox"/> b. Fixtures             | <input type="checkbox"/> g. General intangibles |
| <input type="checkbox"/> c. Inventory            | <input type="checkbox"/> h. Documents           |
| <input type="checkbox"/> d. Accounts             | <input type="checkbox"/> i. Farm products       |
| <input type="checkbox"/> e. Instruments          | <input type="checkbox"/> j. Deposit accounts    |
|  | <input type="checkbox"/> k. Investment property |

- ☐ l. Titled motor vehicles, including mobile or manufactured homes (list make, model, and serial #):

- ☒ m. Other: Insert specific description of other forms of Collateral not included in categories a through k above (for example, specific commercial tort claim, letter-of-credit rights):

First lien security interest on two locomotives as follows: R50C065 and R50C067

#### i. RESTRICTIONS ON COLLATERAL TRANSFER.

Debtor will not sell, lease, license or otherwise transfer (including by granting security interests, liens, or other encumbrances in) all or any part of the Collateral or Debtor's interest in the Collateral without Secured Party's written or electronically communicated approval, except that Debtor may sell inventory in the ordinary course of business on customary terms. Debtor may collect and use amounts due on accounts and other rights to payment arising or created in the ordinary course of business, until notified otherwise by Secured Party in writing or by electronic communication.

**6. MAINTENANCE AND LOCATION OF COLLATERAL; INSPECTION; INSURANCE.**

Debtor must promptly notify Secured Party by written or electronic communication of any change in location of the Collateral, specifying the new location. Debtor hereby grants to Secured Party the right to inspect the Collateral at all reasonable times and upon reasonable notice. Debtor must: (a) maintain the Collateral in good condition; (b) pay promptly all taxes, judgments, or charges of any kind levied or assessed thereon; (c) keep current all rent or mortgage payments due, if any, on premises where the Collateral is located; and (d) maintain hazard insurance on the Collateral, with an insurance company and in an amount approved by Secured Party (but in no event less than the replacement cost of that Collateral), and including such terms as Secured Party may require including a Lender's Loss Payable Clause in favor of Secured Party. Debtor hereby assigns to Secured Party any proceeds of such policies and all unearned premiums thereon and authorizes and empowers Secured Party to collect such sums and to execute and endorse in Debtor's name all proofs of loss, drafts, checks and any other documents necessary for Secured Party to obtain such payments.

**7. CHANGES TO DEBTOR'S LEGAL STRUCTURE, PLACE OF BUSINESS, JURISDICTION OF ORGANIZATION, OR NAME.**

Debtor must notify Secured Party by written or electronic communication not less than 30 days before taking any of the following actions: (a) changing or reorganizing the type of organization or form under which it does business; (b) moving, changing its place of business or adding a place of business; (c) changing its jurisdiction of organization; or (d) changing its name. Debtor will pay for the preparation and filing of all documents, Secured Party deems necessary to maintain, perfect and continue the perfection of Secured Party's security interest in the event of any such change.

**8. PERFECTION OF SECURITY INTEREST.**

Debtor consents, without further notice, to Secured Party's filing or recording of any documents necessary to perfect, continue, amend or terminate its security interest. Upon request of Secured Party, Debtor must sign or otherwise authenticate all documents that Secured Party deems necessary at any time to allow Secured Party to acquire, perfect, continue or amend its security interest in the Collateral. Debtor will pay the filing and recording costs of any documents relating to Secured Party's security interest. Debtor ratifies all previous filings and recordings, including financing statements and notations on certificates of title. Debtor will cooperate with Secured Party in obtaining a Control Agreement satisfactory to Secured Party with respect to any Deposit Accounts or Investment Property, or in otherwise obtaining control or possession of that or any other Collateral.

**9. DEFAULT.**

Debtor is in default under this Agreement if: (a) Debtor fails to pay, perform or otherwise comply with any provision of this Agreement; (b) Debtor makes any materially false representation, warranty or certification in, or in connection with, this Agreement, the Note, or any other agreement related to the Note or this Agreement; (c) another secured party or judgment creditor exercises its rights against the Collateral; or (d) an event defined as a "default" under the Obligations occurs. In the event of default and if Secured Party requests, Debtor must assemble and make available all Collateral at a place and time designated by Secured Party. Upon default and at any time thereafter, Secured Party may declare all Obligations secured hereby immediately due and payable, and, in its sole discretion, may proceed to enforce payment of same and exercise any of the rights and remedies available to a secured party by law including those available to it under Article 9 of the UCC that is in effect in the jurisdiction where Debtor or the Collateral is located. Unless otherwise required under applicable law, Secured Party has no obligation to clean or otherwise prepare the Collateral for sale or other disposition and Debtor waives any right it may have to require Secured Party to enforce the security interest or payment or performance of the Obligations against any other person.

**10. FEDERAL RIGHTS.**

When SBA is the holder of the Note, this Agreement will be construed and enforced under federal law, including SBA regulations. Secured Party or SBA may use state or local procedures for filing papers, recording documents, giving notice, enforcing security interests or liens, and for any other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax or liability. As to this Agreement, Debtor may not claim or assert any local or state law against SBA to deny any obligation, defeat any claim of SBA, or preempt federal law.

**11. GOVERNING LAW.**

Unless SBA is the holder of the Note, in which case federal law will govern, Debtor and Secured Party agree that this Agreement will be governed by the laws of the jurisdiction where the Debtor is located, including the UCC as in effect in such jurisdiction and without reference to its conflicts of laws principles.

**12. Secured party rights.**

All rights conferred in this Agreement on Secured Party are in addition to those granted to it by law, and all rights are cumulative and may be exercised simultaneously. Failure of Secured Party to enforce any rights or remedies will not constitute an estoppel or waiver of Secured Party's ability to exercise such rights or remedies. Unless otherwise required under applicable law, Secured Party is not liable for any loss or damage to Collateral in its possession or under its control, nor will such loss or damage reduce or discharge the Obligations that are due, even if Secured Party's actions or inactions caused or in any way contributed to such loss or damage.

**13. SEVERABILITY.**

If any provision of this Agreement is unenforceable, all other provisions remain in effect.

**14. DEBTOR CERTIFICATIONS.**

Debtor certifies that: (a) its Name (or Names) as stated above is correct; (b) all Collateral is owned or titled in the Debtor's name and not in the name of any other organization or individual; (c) Debtor has the legal authority to grant the security interest in the Collateral; (d) Debtor's ownership in or title to the Collateral is free of all adverse claims, liens, or security interests (unless expressly permitted by Secured Party); (e) none of the Obligations are or will be primarily for personal, family or household purposes; (f) none of the Collateral is or will be used, or has been or will be bought primarily for personal, family or household purposes; and (g) Debtor has read and understands the meaning and effect of all terms of this Agreement.

**15. DEBTOR NAME(S) AND SIGNATURE(S).**

By signing or otherwise authenticating below, each individual and each organization becomes jointly and severally obligated as a Debtor under this Agreement.

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Hugh B. Hamilton, Jr.

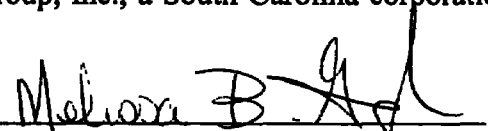
  
\_\_\_\_\_  
President

_____	_____
_____	_____
_____	_____

STATE OF SOUTH CAROLINA    )  
  )  
COUNTY OF RICHLAND         )

ACKNOWLEDGMENT

The foregoing Security Agreement was acknowledged before me the 16 day of April, 2009, by Hugh B. Hamilton, Jr., the President of Republic Group, Inc., a South Carolina corporation, on behalf of the corporation.

  
\_\_\_\_\_  
Notary Public for South Carolina  
My commission expires: 5/23/2016.